



Republican Budget
April 2011

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The Path to Prosperity

Budget Highlights

- **Cuts 6.2 trillion** compared to President's budget
- **Reduces deficit by 4.4 trillion** compared to President's budget
- Brings government spending below 20% of GDP compared to the President's which does not fall below 23%
- Creates 1M new private sector jobs in the next year and 2.5M private sector jobs in 2021 – **bringing unemployment down to 4% by 2021**
- **Increases real GDP by \$1.5 trillion** over the next decade
- Yields 1.1 trillion in new wages which equates to an average of **\$1000 extra per family**
- **Prevents 1.5 trillion tax increase** created in President's budget – simplifies tax structure and sets top rates of 25% for individuals and corporations

Current State of Medicare

- By CBO's own projections, the Medicare program goes **bankrupt in 2021**.
- The CBO letter says that Medicare as **currently structured is unsustainable**. Unless major changes are made, CBO predicts Medicare's looming financing troubles "could lead to **reduced access to care or diminished quality of care** for Medicare beneficiaries."

Republican Budget As It Relates To Medicare

- No cuts or changes to those currently on Medicare or near retirement (55 and older).
- Spending for the Medicare program continues to increase every year in the budget.
- Creates a new **premium support plan – like the one Members of Congress have** – for younger generations, with more support for low-income beneficiaries and those with higher health costs and reduced subsidies for high-income beneficiaries.
- Provides beneficiaries a **premium support payment equal to 100% of the cost of the Medicare benefit**, on average.

- Seniors would direct their premium support payment to a **plan that they choose from a Medicare Exchange.**
- Plans in the exchange are required to offer insurance **to all Medicare beneficiaries, regardless of health status.**
- **Seniors are guaranteed a plan** within the exchange.

Does ObamaCare Improve Medicare's Solvency?

- NO. CBO Director Doug Elmendorf says that "In CBO's judgment, the new health care does not substantially diminish pressure [on the federal budget]."
- Chief Actuary Rick Foster has also confirmed that the apparent improvement in Medicare's financing is due to the Medicare savings being double-counted: "financing cannot be simultaneously used to finance other Federal outlays (such as the coverage expansions in the Affordable Care Act) and to extend the trust fund."

Current State of Medicaid

- Medicaid spending is growing at an **unsustainable rate.**
- From **2000 to 2009, total spending on Medicaid increased by 83 percent,** growing from \$206 billion to \$378 billion.
- During this time, **state spending doubled while federal spending increased by 111 percent.**
- State budgets are overwhelmed and the Federal government is struggling to meet the growing fiscal needs required to keep the program running.
- **GAO reported a 10 percent payment error** rate in Medicaid **wasting almost \$40 billion annually.**
- From a financial perspective, from a health care quality perspective – Medicaid is failing those who need it most. Throwing more money at the program will not solve our problems.

Republican Budget As It Relates to Medicaid

- Modernizes Medicaid benefit by **converting the Federal share of the Medicaid payment into a block grant – just like the SCHIP program.**
- This would allow states to tailor their programs to their low-income populations, **allowing states maximum flexibility** to focus their benefits on the specific needs of the state.
- This allotment is **indexed for inflation and population growth.**
- Federal Medicaid **spending grows every year under the plan**